

Medicaid

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Help Medicaid Doesn't Need December 14, 1991

The Washington Post

By Henry A. Waxman

Your editorial on legislation enacted to resolve the dispute over how states pay for their share of the Medicaid program ["Medicaid gets help," Dec. 2] is way off the mark. Reading your analysis, no one would guess that this legislation poses the most serious threat to the program and its beneficiaries since the Reagan cutbacks enacted in 1981.

Medicaid is a state-federal program. If states put up money for basic health care for certain poor people, the federal government will match the states' payments. As part of the budget deal of 1990, Congress and the Bush administration agreed to principles of what state money would count toward the federal match. Funds from state taxes on health providers would count; beginning in 1992, voluntary donations from these same providers would not.

But the administration wanted a different policy, one that would limit state revenue options so that states would have less to spend on Medicaid and the federal government would have less to match. Under the guise of stopping abuses of provider taxes, the administration tried a blanket change of the rules through regulations. These regulations, issued in September and scheduled to take effect in January, would have prohibited as a source of a state's share of Medicaid not just provider donations, but almost all provider taxes. Moreover, the regulations would also have overturned long-established Medicaid policy allowing states to use public funds raised by cities and counties as part of the nonfederal share.

Despite numerous requests that the September regulations be withdrawn, the administration refused to do so. The House responded on Nov. 19 by voting 348 to 71 to impose a moratorium on the implementation of these regulations. Facing this overwhelming bipartisan opposition, the administration persuaded the National Governors' Association to endorse a radical legislative solution. It is this administration bill, with only marginal changes, that was the last measure enacted by Congress before adjournment. A resounding triumph for the administration, this bill is one that Congress will regret for years to come.

Your editorial argues that the bill is not perfect, but that it is not unfair and needs to be understood as patchwork. Yes. No. No.

For those who want states to know what funds are clearly matchable, this bill doesn't help much. Donations are phased out for matching, just as they were before. But state taxes on providers are left to the administration to evaluate, a decision that will not be free of federal budget politics or even plain partisanship. The use of locally raised public funds will also be open to administration revision and control.

There are real losers in this bill--the rural and urban safety net hospitals throughout the country and the poor and uninsured people that they serve. Before this bill, these so-called "disproportionate share" hospitals were receiving payment adjustments to recognize their costs of treating a low-income patient population. But after this bill, these payments will be arbitrarily capped at 12% of program expenditures.

The problem, of course, is that the need for these hospitals and the costs of meeting this need aren't declining. The bill doesn't cap the unemployment rate or the growth in the number of people eligible for Medicaid. The bill doesn't cap the number of homeless. The bill doesn't patch the drug epidemic or the violence that drugs breed. The bill doesn't cap the number of low birth-weight babies, or the number of low-income women with breast or cervical cancer. It only caps the payments to those hospitals that are confronting these problems.

This bill doesn't patch anything. Unlike the modest Medicaid improvements that Congress has enacted over the last few years, this bill will probably result in program cuts, if not in this coming years, then over the next few years. If the states can't use provider donations, if they can't get clarity on what provider taxes are permissible and if they can't continue to use public funds transferred from local government, how can we expect them to pay for the nonfederal share of Medicaid?

What we need in this country is health care reform. But until that day comes, we should make every effort to avoid making things worse for the poor and the hospitals that treat them. Unfortunately, what the administration started--which the governors agreed to and Congress acquiesced in--does just that.